Historic, archived document

Do not assume content reflects current scientific knowledge, policies, or practices.

SHOUT
SHARE
IT

UNITED STATES DEPARTMENT OF AGRICULTURE

BULLETIN No. 811

Contribution from the Bureau of Markets
George Livingston, Acting Chief

Washington, D. C. ▼ December 5, 1919

A SYSTEM OF BOOKKEEPING FOR GRAIN ELEVATORS

By

B. B. MASON, Assistant in Market Business Practice, FRANK ROBOTKA Field Agent in Market Business Practice, cooperating with the College of Agriculture of the University of Minnesota, and A. V. SWARTHOUT Investigator in Market Business Practice

CONTENTS

	Page
Introduction	1
Types of Elevator Accounting Systems	2
Description of the System and Directions for its Operation	3
Grain Receiving and Shipping Records	3
Other Grain Records	6
Cash Journal, Purchase and Sales Record	6
Reports; Grain, Merchandise, and Manager's	10
Ledgers	11
Classification of General Ledger Accounts	12
Trial Balance	31
Closing the Books	31
Balance Sheet	35
Income and Expense Statement	37
Cost Analysis	40
Balancing Cash with Bank	40
Supply Accounts Settled with Grain	41
Conclusion	41
Forms and Illustrated Entries	43

WASHINGTON
GOVERNMENT PRINTING OFFICE
1919

UNITED STATES DEPARTMENT OF AGRICULTURE

BULLETIN No. 811

Contribution from the Bureau of Markets
George Livingston, Acting Chief

Washington, D. C. ▼ December 5, 1919

A SYSTEM OF BOOKKEEPING FOR GRAIN ELEVATORS.[1]

By B. B. Mason, *Assistant in Market Business Practice;* Frank Robotka, *Field Agent in Market Business Practice*, cooperating with the College of Agriculture of the University of Minnesota; and A. V. Swarthout, *Investigator in Market Business Practice.*

CONTENTS.

	Page.		Page.
Introduction	1	Trial Balance	31
Types of elevator accounting systems	2	Closing the books	31
Description of the system and directions for its operation	3	Balance Sheet	35
Grain receiving and shipping records	3	Income and Expense Statement	37
Other grain records	6	Cost Analysis	40
Cash Journal and Purchase and Sales Record	6	Balancing cash with bank	40
Reports: Grain, Merchandise, and Manager's	10	Supply accounts settled with grain	41
Ledgers	11	Conclusions	41
Classification of General Ledger accounts	12	Forms and illustrated entries	43

INTRODUCTION.

The close relationship between business success and efficient accounting is recognized by all who are familiar with commercial affairs. The accounting and business practices of marketing enterprises located at country points present relatively difficult problems, because of three facts: First, these enterprises have grown rapidly; second, it is difficult to secure managers who are proficient in bookkeeping; and, third, the volume of business of the individual organizations, in most cases, does not warrant the employment of a skilled bookkeeper.

The general adoption of a uniform system of accounting sufficiently elastic to meet the requirements of organizations operating under varied conditions is believed to be not only practicable, but essential,

[1] This bulletin supersedes United States Department of Agriculture Bulletin 362: A System of accounts for Primary Grain Elevators, by John R. Humphrey, Assistant in Market Business Practice, and W. H. Kerr, Investigator in Market Business Practice.

if the highest degree of success is to be attained. Accordingly a system of accounting was devised by the Bureau of Markets for country elevators and published in 1915. This system has now been adopted by a large number of elevators located in all of the grain-producing States.

With the passage by Congress of the Grain Standards Act, and the consequent promulgation by the Secretary of Agriculture of official standards for grain, a revision of the former bulletin has become advisable. The present bulletin describes the Bureau of Markets system of accounting for country grain elevators, which has been developed in conformity with these standards. In this revision, several features suggested by the practical operation of the system during the last three and one-half years are incorporated.

TYPES OF ELEVATOR ACCOUNTING SYSTEMS.

No system of accounting in grain elevators has been generally accepted as standard. While the principle of double-entry bookkeeping is correctly followed in a limited number of elevators, every variation in type is found, from patented systems to mere handbook entries kept in memorandum form for the benefit of the manager.

All systems of bookkeeping now existing in elevators may be classified under three headings: Complete double-entry systems kept in the elevator office; incomplete systems, consisting of reports and memoranda kept in the elevator office; and systems of reports prepared at the elevator and sent to some outside agency where the records of the company are kept.

Although the third system may furnish definite information, the details of that information, as a rule, are not within easy reach of the men who are most interested in them. For this reason a complete double-entry system kept in the elevator office will be found most satisfactory.

The benefits to be derived from a complete double-entry system of bookkeeping, so constructed that it can be adopted by all elevators, are: First, the possibility of determining, on short notice and with accuracy, each elevator's financial condition; second, the advantage of having readily available statistical data relating to operating costs; third, the possibility of distributing and interchanging valuable statistics among elevators; and, fourth, the training of managers and bookkeepers so that they will obtain a cumulative knowledge of elevator accounting.

DESCRIPTION OF THE SYSTEM AND DIRECTIONS FOR ITS OPERATION.

The complete system includes the following forms:

		Page.
Form No. 1.	Cash Journal and Purchase and Sales Record	6
Form No. 2	Record of Storage Tickets Issued	4
Form No. 3.	Record of Grain Purchases	4
Form No. 4.	Record of Grain Shipments and Sales	5
Form No. 5.	Record of Hedges	6
Form No. 6.	Record of Sales to Arrive	6
Form No. 7.	Patronage Ledger	11
Form No. 8.	Grain and Merchandise Report	10
Form No. 9.	Manager's Report	11
Form No. 10a.	Grain Check for Cash Grain	4
Form No. 10b.	Grain Check for Stored Grain Purchased	4
Form No. 11.	Scale Ticket	3
Form No. 12.	Storage Ticket	3
Form No. 13.	Sales Ticket	8
Form No. 14.	Cash Receipt	9
Form No. 15.	Cost Analysis	40

Forms Nos. 1 to 6, inclusive, constituting the Journal, and Form No. 8 are uniform in size and punching and can be held in one loose-leaf binder.

Form No. 7, the Patronage Ledger, is used only where patronage dividends are paid. It is bound in a separate binder.

Form No. 9, the Manager's Report, is used when the books are kept outside the elevator office.

Forms Nos. 9 to 14, inclusive, are recommended for presenting necessary information in convenient form.

In addition to the forms recommended above, a ledger in the usual stock form is necessary.

GRAIN RECEIVING AND SHIPPING RECORDS.

Scale Ticket.—On the Scale Ticket (Form No. 11) is recorded the weight in gross, tare, and net pounds, and gross and net bushels of all grain taken into the elevator, as also dockage where dockage applies. To facilitate auditing, the number of the check or storage ticket, which is issued for the scale ticket, should be entered thereon when the transaction is completed.

The practice of permitting the scale ticket to constitute the only record of grain received, this delaying the completion of the transaction often for many days, should be discouraged by directors of country elevators, because a scale ticket is not evidence of ownership of the grain nor of its having been received into the elevator. In fact, in some States, failure to issue a check or storage ticket on the date of delivery of the grain is made a misdemeanor, punishable by fine and imprisonment.

Storage Ticket.—At the close of each day storage tickets (Form No. 12) should be made out for the unpurchased grain delivered that day. The ticket numbers and the gross, dockage, and net bushels

shown on the scale tickets, should be itemized in the space provided therefor on the storage ticket.

Record of Storage Tickets Issued.—All Storage Tickets issued are recorded consecutively on the Record of Storage Tickets Issued (Form No. 2). On this form will be recorded the date, Storage Ticket number, and the dockage and net bushels. Provision is made for classifying the dockage by kind of grain and the net bushels by kind, class, and grade. When storage tickets are purchased, the number of the check issued therefor should be entered in the "Check number" column.

During the season of heavy crop movement this form should be footed daily and the totals carried to the Grain Report (Form No. 8), opposite "Stored this period".

On the storage, purchase, and shipping records (Forms Nos. 2, 3, and 4) only four class segregations are provided under wheat, while the official standards make six segregations. In sections of the country where common white wheat and white club wheat are grown, the class headings shown on the forms should be changed to conform with the classes dealt in.

As it is believed no material advantage would be gained by accounting separately for the five possible classes of oats, no class segregations are provided.

Grain Check.—Elevators storing grain should use one series of grain checks for the purchase of cash grain and another series for the purchase of Storage Tickets (see Forms Nos. 10a and 10b, p. 44), as the two classes of purchases are segregated in the section of the journal devoted to grain purchases. (See Record of Grain Purchases, p. 48.) By the use of two series, both the record of stored grain purchases and the record of cash grain purchases will show an unbroken series of checks, thus facilitating the determination of outstanding checks and auditing the grain purchases. Payment should be made each day for all purchased grain delivered that day. An ordinary form of check often provided by the local bank should be used for disbursements other than for grain.

Record of Grain Purchases.—Elevators which store grain will divide the section in the journal devoted to the Record of Grain Purchases (Form No. 3) into two divisions, Cash Grain Purchases and Stored Grain Purchases.

All checks issued for grain purchased at time of delivery will be entered under Cash Grain Purchases, while checks issued for storage tickets will be entered under Stored Grain Purchases. In some elevators where nearly all grain received is stored for a time, it has been the practice to make out storage tickets for all grain received, even though it be purchased on delivery. This practice is commendable

and can be carried out in this system. Where this procedu followed, there will be no Cash Grain Purchases.

On the Record of Grain Purchases will be entered the date, number, price, amount of the check, storage deduction, if any the cost of the grain, as well as the gross, dockage, and net bu The cost of the grain is the amount of the check plus the sto charge.

The net bushels are segregated into kind, class, and grade. bushel columns should be totaled on dates to correspond with th on which the Record of Storage Tickets Issued is totaled, and t totals carried to the Grain Report opposite "Cash grain purchas this period" or opposite "Stored grain purchased this period."

The Amount, Storage, and Cost columns should be footed at th close of each month and proved by checking the total of the Cost columns against the sum of the Amount and Storage columns.

After the correctness of the monthly footings has been proved, they should be posted to the general ledger as follows: The totals of the various Cost columns, representing the total cost of the respective grains, should be entered on the debit side of the respective grain accounts. The total of the Amount column, representing the total of the grain checks for the month, should be carried to the credit of the Bank account. The totals of the Storage column, representing the income derived from storage collected during the month, should be posted to the credit of the Storage account.

Record of Grain Shipments and Sales.—The Record of Grain Shipments and Sales (Form No. 4, p. 48) carries a record of all cars shipped and the net returns, terminal weights, and terminal grades of each shipment. The data to be entered in the columns headed Date, Shipped to, Car No. and initial, Shipper's grade, and Shipper's weight are taken from the bill of lading at the time of shipment, while those for the remaining columns are taken from the account sales. The totals of the Proceeds columns for each kind of grain should be posted at the end of the month to the credit of the respective grain accounts in the general ledger. The items in the Net proceeds column should be posted individually to the debit of the grain commission accounts indicated in the column provided for the name of the name of the consignee. The totals of the bushels columns should be carried to the Grain Report opposite "Total shipped this period" on dates corresponding with those on which the Record of Storage Tickets Issued and the Record of Grain Purchases are totaled.

In the use of this form it will be found that at the end of the month shipments may be standing out as grain in transit. At the beginning of the following month, it will be necessary to bring all such cars forward, making a note after the previous entry of the shipment, i. e.

Forwarded. By this method the danger of failing to post to the proper commission account the returns on any car will be obviated.

OTHER GRAIN RECORDS.

A Record of Hedges (Form No. 5, p. 50) is essential to the proper hedging of grain and should be kept up to date. On this form columns have been provided in which to record all of the necessary information of hedging transactions. When a purchase or sale of more than 1,000 bushels is recorded, a sufficient number of lines should be left blank to provide space on the opposite side for its cancellation in 1,000 bushel lots. The columns headed P. & S. accounts indicate purchase and sales accounts. All profits on hedges should be entered in the Credit column and losses in the Debit column, and both will be carried individually to the Cash Journal to the debit or credit, as the case may be, of the commission account represented and to the grain account to which it applies. When the entry is made in the Cash Journal, the number of the page on which it is recorded will be entered under Folio in the Record of Hedges. A separate page will be assigned in this record to each kind of grain hedged.

Record of Sales to Arrive.—A considerable number of elevators selling grain "to arrive" have no form on which to record such transactions. Form No. 6, (p. 51) is a record of sales made and terms of sale. The record of each sale will require one line on the left hand side of this form, though a sufficient number of lines will be left blank following each entry to allow the recording on the right-hand side of the cars shipped to fill the contract. This form is purely a memorandum form, but is important in keeping account of sales to arrive and deliveries made on such contracts. A separate page will be assigned to each kind of grain sold to arrive.

CASH JOURNAL AND PURCHASE AND SALES RECORD.

GENERAL CONSIDERATIONS.

Entries for all other transactions not properly falling into any of the classes previously discussed will be made in the Cash Journal and Purchase and Sales Record (Form No. 1, p. 48), which will hereafter be called the Cash Journal.

The transactions properly to be entered in the Cash Journal may be classified as those with (1) merchandise purchases and sales, (2) local personal accounts, (3) cash receipts and disbursements, and (4) sundry or general items. Before discussing these topics attention is called to some of the fundamental considerations involved in the plan of the Cash Journal.

It has been the usual practice to provide elevator systems with a cashbook, journal, and daybook under separate forms. In the system here described these books, together with a record of mer-

chandise purchases and local retail sales, have been combined into one form.

This form differs from ordinary books of first entry in that both the debits and credits arising from transactions must of necessity be entered on it before it can be balanced.

The fundamental principle of double-entry bookkeeping is here illustrated; in every transaction two or more accounts are always affected and in opposite ways, these opposite effects being designated in accounting as debit and credit. That is, if value has been received or given it is necessary not only to show what account received, or cost value, but it is also necessary to show what account produced or surrendered that value. The debit and credit effects will be equal. For example, when merchandise is sold, the merchandise account obviously surrendered value, hence that account will be credited. In order to complete the entry, however, it is necessary to show what account or accounts have received an equivalent value, which in this case will be either the cash account or the accounts receivable account, which must be debited. Similarly, when a note with accrued interest is paid, the Cash account surrenders value equivalent to the sum of the note and interest, hence a credit to the Cash account. Again it is necessary to show what account or accounts have received, or cost value. In this case the Notes payable and the Interest accounts are involved. They will be debited respectively with the face value of the note and with the interest paid. Every transaction must be analyzed in a similar manner and an entry made showing the effect of the transaction on all accounts involved.

A column captioned Items is provided between the debit and the credit sides of the Cash Journal, in which are written the names of the ledger accounts to be debited or credited, and in each case an explanation of the transaction. Complete explanation must always be made in order that one unfamiliar with the transaction can understand it readily. The amount or amounts are then extended on the debit and credit sides under the proper headings. (See sample entries, p. 48.)

The debit columns, to the left of the Items column, are captioned, Date, Folio, Cash, Bank deposits, General ledger, Accounts receivable, Hard coal (lbs., amount), Soft coal (lbs., amount).

The credit columns, to the right of the Items column, are: Check number, Folio, Bank withdrawals, General ledger, Accounts receivable, Sales ticket number, Hard coal (lbs., amount), Soft coal (lbs., amount).

Blank columns are also provided on both sides to be used as desired.

MERCHANDISE PURCHASES.

Under the heading Merchandise purchases, on the debit side, are columns captioned: Hard coal, Soft coal, etc., with provision for entering both pounds and amounts. Purchases of merchandise of this character are entered in their proper columns and only the totals posted at the end of the month to the debit of their respective accounts in the general ledger. Expense items which contribute directly to the cost of a particular line of merchandise, as, for instance, freight on a car of hard coal, or labor for unloading it, should be entered under Hard coal. Such items constitute a part of the cost of the merchandise delivered at the elevator and should not be charged to expense. Where more lines of merchandise are carried than the number of columns provided, such purchases must be recorded in the General ledger column and posted to the debit of their respective ledger accounts in detail.

Each amount under Merchandise purchases will be balanced by an entry of a similar amount on the right hand page of the Cash Journal, either in the General ledger column, to the credit of the firm from which the purchase was made, or under Bank withdrawals, to the credit of the bank, depending upon whether the purchase was a time or cash transaction.

LOCAL SALES OF MERCHANDISE AND GRAIN.

Sales Ticket.—All sales of merchandise will be recorded on Sales Tickets (Form No. 13, p. 46) at the time of sale. These tickets are put up in pads and may be carried by the employee, so that it will not be necessary to go to the office after each sale to make the proper record. At convenient times the information on the Sales Tickets will be entered in the Cash Journal.

The number of each Sales Ticket will be listed in the Sales ticket number column, and the merchandise, in pounds and amount, will be entered in the proper column under Local sales on the credit side of the Cash Journal, i. e., Hard coal, Soft coal, Flour, etc.

Each sale of merchandise thus entered on the credit side must be balanced by an entry on the debit side, either under Cash or Accounts receivable, depending upon whether the transaction is a cash or charge sale.

Where the volume of the retail business is large, it is recommended that the Sales Tickets be recapitulated daily and an entry be made in the Cash Journal for the total of the sales. The debits to the Accounts Receivable Ledger will then be posted direct from the Sales Tickets.

The merchandise sales columns will be totaled at the end of the month and the totals posted to the credit of the proper accounts in the General Ledger.

Elevators which handle a greater number of side lines than the number of sales columns provided on this form may obtain a distribution sheet from the publishers, and the totals of this sheet will be entered each day in the Cash Journal.

ACCOUNTS RECEIVABLE.

A column captioned Accounts receivable, is provided on the debit side of the Cash Journal, in which are entered all debits to the personal accounts. At the end of the month the total of this column is posted to the debit of the Accounts receivable control account in the General Ledger, and the detail is posted to the debit of the personal accounts in the Accounts Receivable Ledger. In the Accounts receivable column on the credit side will be entered collections on local accounts. These items will be posted in detail to the credit of accounts in the Account Receivable Ledger, and the total of the column for the month will be posted to the credit of the Accounts receivable control account in the General Ledger.

CASH.

Cash Receipts.—In order to account properly for all currency received, the use of the Cash Receipt (Form No. 14, p. 47) is advised. These receipts may be filed conveniently until such time as they can be entered in the Cash Journal, which should be at least once each day.

In order that an accurate check may be maintained on the amount of money received, and an identical amount may be deposited each day, all cash receipts of whatever nature, as well as drafts drawn on commission companies, will be entered in the Cash column. The source of each item of cash thus received will be indicated by an entry of a similar amount, or several amounts aggregating this total, in the proper columns on the right-hand page. The entries in the Cash column are totaled before each deposit. All cash must be deposited before the books are posted at the end of the month.

Bank deposits.—In order that the deposits shown in the bank pass book may be verified readily, the actual amount of each deposit is entered in the Bank deposit column, the Cash column being ruled beneath the last item included in the deposit. The total of this column for the month is posted to the debit of the Bank account in the General Ledger.

Bank withdrawals.—The number of each check issued should be entered in the Check number column, and the amount in the Bank withdrawals column. The total of this column for the month will be posted to the credit of the Bank account in the General Ledger.

Each item of bank withdrawals will be balanced by an entry on the debit side of the Cash Journal either under Merchandise purchases

or under General ledger, depending upon whether the disbursement was for a cash purchase of merchandise, payment of a note, an open account, or an expense item.

General ledger.—The General ledger columns are for entries of all items to be posted to accounts which appear in the General Ledger and for which no special columns are provided. The left-hand column accommodates the debits and the right-hand column the credits. Postings from these columns will be made in detail.

It will be noted that only the items which appear in the General ledger and Accounts receivable columns are posted in detail, all other columns; both debit and credit, being posted in total only.

REPORTS—GRAIN, MERCHANDISE, AND MANAGER'S.

The Grain Report (Form No. 8, p. 52) is designed to keep the manager and directorate in close touch with the condition of the grain stock and the hedges at the end of any month, or, in fact, at any time at which the entries on the various grain forms are footed.

On this report items 1, 6, and 11 are taken from the previous report, being the amounts shown thereon as Storage outstanding to-day, Total purchased to date, and Total sales to date. Items 2, 4, 7, 8, 12, and 13 are the footings, for the period, of the Record of Storage Tickets Issued, Record of Stored Grain Purchased, Record of Cash Grain Purchased, Record of Shipments and Sales, and the local sales of grain entered in the Cash Journal, respectively. Item 19, Undelivered sales, is the undelivered "sales to arrive" as shown by the Record of Sales to Arrive. Item 22, Proprietorship grain, is any grain on hand that has been purchased but not sold, plus any undelivered grain on growers' contracts. This item always represents the amount of grain to be hedged. Items 24 and 25 are taken from the Record of Hedges. By a comparison of item 24 with item 22, or item 25 with item 23, the manager and directors can tell at once whether the open option deals are legitimate hedging transactions. In case the elevator is fully protected, the amount of uncanceled futures sold should equal the proprietorship grain, and the uncanceled futures bought should equal the amount oversold, or the excess of sales over purchases. Owing to the fluctuations in the spread between contract grades and the lower grades, it is usually inadvisable to hedge the latter.

Item 26, Balance long, indicates the amount of unprotected grain and is ascertained by deducting item 24 from item 22 or item 23 from item 25. Item 27, Balance short, indicates illegitimate holdings of options and is ascertained by deducting item 22 from item 24 or item 25 from item 23.

In this report all grain in transit is considered as grain on hand. Therefore in determining the amount of insurable grain in the house, the grain in transit should be deducted from item 15, Grain in elevator.

This report is an essential part of the system, in that it furnishes the information necessary to the opportune selling, hedging, and insuring of grain.

The Merchandise Report (reverse side of Form No. 8) is a stock record, showing the total on hand at the time of the last inventory, the purchases, the sales, and the quantity on hand. This amount should agree very nearly with the physical inventory. By means of this report any shortage in stock will be discovered and the reasons therefor determined before serious loss results.

Manager's Report.—Where the business is not sufficient to warrant the hiring of a bookkeeper, or where the manager is unable to keep the books, it has been found convenient to secure the part-time services of a bookkeeper employed in some other enterprise. For such elevators a Manager's Report (Form No. 9, p. 53) is provided. This report may also be used by companies which operate several houses from a central office.

All Storage Tickets, Cash Grain Checks, and Stored Grain Checks are listed in detail in the spaces provided on this form. All checks other than grain checks are itemized in the lower left-hand corner. All drafts drawn on commission firms, together with checks received from commission firms, are itemized under Drafts drawn and checks received. Under this heading are recorded the name of the commission firm to be credited, the car number, and the amount of the draft or check.

Under Sales to Arrive should be entered all such sales, showing the company to whom the sale is made, the number of bushels, the kind and class of grain, the grade, price, and delivery date.

In the space headed Consignment shipments and deliveries on contract are recorded all cars shipped. In the column headed Applied on contract of will be entered the date of the contract in case the car is applied on a sale to arrive. Under Options memo are recorded all purchases and sales of futures. In the column headed P. or S. should be entered Purchased or Sold as the case may be.

Space is provided on the right-hand margin for a detailed explanation of all transactions not falling in any of the above classes.

LEDGERS.

Patronage Ledger (Form No. 7, p. 49), has been devised to provide a record of business done with each patron. This form will be used only by elevators operating under cooperative-organization laws which provide for the distribution of profits on a patronage basis. A page is assigned to each patron, and at convenient times during the year all Grain Checks and Sales Tickets will be recorded. This record facilitates the distribution of patronage dividends.

The *General Ledger* and *Accounts Receivable Ledger.*—Every transaction is entered in the Journal. By means of special columns in this book certain items of frequent recurrence are segregated at the time the original entries are made. The Journal, however, does not provide a complete segregation, since its chief function is to serve as a chronological record of transactions. It is therefore necessary to transcribe or "post" the Journal entries to the Ledger, where they are classified completely, all items of a similar nature being assembled in an account. The Ledger is divided for convenience into two sections, which are designated as the General Ledger and the Accounts Receivable Ledger. The latter contains only local personal accounts.

In posting from the Journal, only those items that appear in the General ledger and the Accounts receivable columns of the Cash Journal, and in the Net proceeds column of the Record of Shipments and Sales are posted in detail.

The monthly footings of all columns excepting those captioned General ledger in the Cash Journal, and Net proceeds in the Record of Grain Shipments and Sales are posted to the proper accounts in the General Ledger. The number of postings is thus greatly reduced.

CLASSIFICATION OF GENERAL LEDGER ACCOUNTS.

The following General Ledger accounts, with few exceptions, are believed to be adequate for any country elevator. It is obvious that all of the merchandise purchases and sales accounts will not be needed by every elevator, while on the other hand additional merchandise accounts will be needed by others. The operation of all accounts is shown in detail.

The accounts hereafter described are so arranged that a monthly Income and Expense statement can be constructed with little work and without the necessity of closing the books.

In opening the ledger accounts the sequence in which the accounts are given below should be adhered to, as this sequence will facilitate the making of income and expense statements and the posting.

The scheme of numbering the accounts used herein is recommended, as it allows the insertion of additional accounts without breaking the sequence.

In the discussions of ledger accounts which follow, the term "fiscal period" means the financial or other operating period as distinguished from the calendar periods. The term "at time of opening the books" means the time of installing a new system of accounts.

Balance Sheet Accounts (Nos. A–I, Inclusive).

ASSETS.

Account No.

- A. Current Assets:
  - A1. Cash on Hand.
  - A2. Petty Cash.
  - A3. Cash in Bank.
  - A4. Notes Receivable.
  - A5. Accounts Receivable Control.
  - A6. Accounts Receivable (Grain Commission Account).
  - A7. Grain and Merchandise Inventory.
- B. Accrued Assets:
  - B1. Accrued Interest—Notes Receivable.
  - B2. Accrued Storage.
- C. Fixed Assets:
  - C1. Land.
  - C2. Buildings.
  - C3. Machinery and Equipment.
  - C4. Office Furniture and Equipment.
- D. Accounts Paid in Advance.
  - D1. Prepaid Insurance.
  - D2. Printing and Stationery Inventory.
- E. Other Assets.
  - E1. Railroad Claims.

LIABILITIES, RESERVES, AND NET WORTH.

Account No.

- F. Current Liabilities:
  - F1. Notes Payable.
  - F2. Accounts Payable.
  - F3. Stock Dividend Payable.
  - F4 Patronage Dividend Payable.
  - F5. Storage Liability.
  - F6. Notes Receivable Discounted.
- G. Accrued Liabilities:
  - G1. Accrued Interest—Notes Payable.
  - G2. Accrued Salaries and Labor.
  - G3. Accrued Rent and Taxes.
- H. Reserves:
  - H1. Depreciation—Buildings.
  - H2. Depreciation—Machinery and Equipment.
  - H3. Depreciation—Office Furniture and Equipment.
  - H4. Doubtful Accounts.
  - H5. Sinking fund.
- I. Net Worth.
  - I1. Capital Stock.
  - I2. Surplus.
  - I3. Loss and Gain.

Income and Expense Accounts (Nos. J–N, Inclusive).

INCOME ACCOUNTS.

Account No.

- J. Grain Accounts:
  - J1. Wheat.
  - J2. Oats.
  - J3. Barley.
  - J4. Rye.
  - J5. Flax.
  - J6. Corn.
- K. Merchandise Accounts:
  - K1. Flour.
  - K2. Feed.
  - K3. Coal.
- L. Other Income Accounts.
  - L1. Dockage Sales.
  - L2. Grinding.
  - L3. Cleaning.
  - L4. Storage.
  - L5. Discount Received.

EXPENSE ACCOUNTS.

Account No.

- M. Operating Expense:
  - M1. Salaries and Labor.
  - M2. Heat, Light, and Power.
  - M3. Repairs.
  - M4. Depreciation—Plant.
  - M5. Leakage in Transit.
  - M6. Shrinkage and Scale Loss.
  - M7. Express, Freight, and Drayage.
- N. Administrative Expense:
  - N1. Telephone, Telegraph, and Postage.
  - N2. Printing, Stationery, and Office Supplies.
  - N3. Interest.
  - N4. Rent and Taxes.
  - N5. Insurance.
  - N6. Loss from Bad Accounts.
  - N7. Miscellaneous

A. CURRENT ASSETS.

Cash on Hand (A1).

Debit:	Credit:
1. With the undeposited cash at the time of opening the books as shown by the Balance Sheet. 2. At the beginning of the fiscal period with the undeposited receipts carried over from the previous fiscal period. 3. At the end of the month with the undeposited receipts.	1. At the beginning of the month with an amount sufficient to close the account. The amount credited will, of course, be identical with that debited at the close of the previous month.

Petty Cash (A2).

Debit:	Credit:
1. With the amount of the fund originally created. 2. With the amount of the increase in case the fund is increased.	1. With the amounts transferred to the general fund when the petty cash fund is decreased or discontinued.

It will be noted that all cash receipts are deposited in the bank, each bank deposit representing the exact amount of cash received since the previous deposit. Practically all elevators need some cash for the payment of small expense items and for making change. This need can be met most conveniently by the creation of a petty cash fund, which operates as follows: A check is drawn for the desired amount, say $20. This check is charged to the Petty Cash account in the ledger. All small expense items paid from this fund are entered in a Petty Cash book, any small notebook being used for this purpose. (See page 43.) When the fund needs replenishing, and always at the end of the month, these petty cash disbursements are recapitulated and a check is drawn for their total. An entry is then made in the Cash Journal, debiting the proper expense accounts and crediting the bank for the total paid out.

By following this system, the Petty Cash account always represents a resource of the original amount, unless changed, and all current receipts of cash can be deposited.

Cash in Bank (A3).

Debit:	Credit:
1. With the available balance of the cash in the bank as shown by the Balance Sheet at the time of opening the books. 2. With the total monthly deposits as shown by the Bank Deposits column in the Cash Journal. This will include checks, currency, drafts on consignees, as well as the proceeds of notes discounted.	1. With any overdraft as shown by the balance sheet at the time of opening the books. 2. With the monthly totals of checks drawn as shown by the Bank Withdrawals column in the Cash Journal and the Amount columns in the Record of Grain Purchases.

Items of exchange and interest should be entered at the time the bank statement is received. Such charges and credits will be indicated by charge and credit memoranda submitted by the bank with the paid checks and should be entered in the bank columns, debiting Miscellaneous Expense with exchange charges and debiting or crediting Interest account with interest items.

Notes Receivable (A4).

Debit:	Credit:
1. With the face value of the notes of others on hand as shown by the Balance Sheet at the time of opening the books. 2. With the face value of new notes taken in payment of any debt owed to the company.	1. With the amounts received in payment of notes held. 2. With the face value of notes receivable discounted when such notes are reported paid or are past due and no notice of default has been received from the bank. (Debit Notes Receivable Discounted.) 3. With the face value of notes otherwise disposed of.

See Notes Receivable Discounted.

Accounts Receivable Control (A5).

Debit:	Credit:
1. With the total of accounts outstanding at the time of opening the books as shown by the Balance Sheet. 2. With the monthly totals of the charge sales as shown by the debit Accounts receivable column in the Cash Journal.	1. With the monthly totals of collections on account, as shown by the credit Accounts receivable column in the Cash Journal. 2. With any other credits to customer's accounts, including the writing off of uncollectible accounts. (See Reserve for Bad Debts.)

The debit balance of this account must equal the total of the outstanding accounts as shown by the Accounts Receivable Ledger.

Accounts Receivable (Grain Commission Accounts) (A6).

Debit:	Credit:
1. With the net proceeds as shown by the account sales rendered for each car sold. 2. With the interest due the elevator on balances, where grain firms allow such a charge. (Credit Interest account.)	1. With the drafts drawn against shipments. 2. With the checks received in full or partial settlement of account. 3. With the interest charged on balances due commission firms.

Separate accounts should be opened with commission firms with which current business is transacted. Firms with which an irregular business is done may be assembled on one ledger page headed Miscellaneous Grain Firms.

Grain and Merchandise Inventory (A7).

Debit:	Credit:
1. With the value of merchandise and grain on hand as shown by the balance sheet at the time of opening the books. 2. With the value of grain and merchandise on hand and in transit at the end of the fiscal period. (Credit the various grain and merchandise accounts.)	1. With the amount necessary to close this account at the beginning of a new fiscal period. (Debit the various merchandise and grain accounts.)

This account is raised for the purpose of showing this asset on the books at the time of closing. It is closed into the various grain and merchandise accounts immediately upon reopening the books for the following fiscal period.

B. ACCRUED ASSETS.

Accrued Interest—Notes Receivable (B1).

(To be used only by the larger companies. See also Interest account, No. N3.)

Debit:	Credit:
1. With the accrued interest on Notes Receivable as shown by the balance sheet at the time of opening the books. 1. With the interest accrued on Notes Receivable during the period. (Credit Interest account.)	1. With interest received.

The balance of this account represents the accrued interest on notes receivable and should be shown as an asset on the Balance Sheet.

Accrued Storage (B2).

Debit:	Credit:
1. With the accrued storage as shown by the balance sheet at the time of opening the books. 2. With the accrued storage at the close of the period. (Credit Storage account.)	1. At the beginning of a new fiscal period with the amount previously debited to this account. (Debit Storage account.)

This account is raised to show on the books, at the time of closing, the earning from storage which has not yet been collected but which is an earning of the period.

C. FIXED ASSETS.

Land (C1).

Debit:	Credit:
1. With the cost of the land owned as shown by the Balance Sheet at the time of opening the books. 2. With any subsequent purchases of land. 3. With the cost of any permanent improvement, such as sewers, water mains, etc.	1. With the cost of any land sold.

If any land is sold at a price in excess of its cost, such excess should be credited to surplus.

In cases where a company installs a switch, the expenditure should be debited to an account appropriately captioned and its value depreciated annually in the same manner as the buildings.

Buildings (C2).

Debit:	Credit:
1. With the cost of the buildings as shown by the Balance Sheet at the time of opening the books. 2. With the cost of all new constructions. 3. With the cost of all additions or alterations when such cost increases the utility. 4. With the cost of replacements.	1. With the total cost of any buildings sold or destroyed. 2. With the total cost of parts of buildings destroyed or replaced. (Debit Reserve for Depreciation on Buildings.)

See discussion of extraordinary losses page 28.
See also Reserve for Depreciation on Buildings.

Machinery and Equipment (C3).

Debit:	Credit:
1. With the original cost of the machinery and equipment as shown by the Balance Sheet at the time of opening the books. 2. With the cost of subsequent purchases of machinery and equipment, including freight or express on same, installation, etc. 3. With the cost of alterations and improvements increasing the efficiency of the capacity of the plant.	1. With the cost value of machinery or equipment sold, discarded, or destroyed, at which time debit Cash account for the amount realized, if any, and debit Reserve for Depreciation on Machinery and Equipment for the difference between the cost value and the amount realized.

The balance of this account represents the cost of machinery and equipment in use.
See discussion of extraordinary losses, page 28.

134432°—19——3

Office Furniture and Equipment (C4).

Debit:	Credit:
1. With the original cost of office furniture and equipment as shown by the Balance Sheet at the time of opening the books. 2. With the cost of additional equipment purchased, including transportation, installation, etc.	1. With the cost of any item sold, discarded, or destroyed. (See credit under Machinery and Equipment.)

See discussion of extraordinary losses, page 28.

D. ACCOUNTS PAID IN ADVANCE.

Prepaid Insurance (D1).

Debit:	Credit:
1. With the amount of unexpired insurance premiums at the time of opening the books as shown by the Balance Sheet. 2. With insurance premiums paid. (Credit Bank account.)	1. At the close of a fiscal period with the insurance premiums expired during the period. (Debit Insurance Expense.) 2. With refunds on canceled policies.

The debit balance of this account is an asset and should be shown on the Balance Sheet.

Printing and Stationery—Inventory (D2).

Debit:	Credit:
1. With the value of unused printing and stationery on hand at the time of opening the books as shown by the Balance Sheet. 2. With purchases of printing and stationery.	1. At the end of the period with the amount consumed or discarded during the period. (Debit Printing, Stationery, and Office Supplies Expense.)

The balance of this account is an asset and should be shown on the Balance Sheet.

E. OTHER ASSETS.

Railroad Claims (E1).

Debit:	Credit:
1. With the valid claims at the time of opening the books as shown by the Balance Sheet. 2. With claims entered against transportation companies for loss due to leakage in transit. (Credit the Grain or Merchandise account concerned.)	1. With amounts collected on account of claims entered. (Debit Cash.) 2. With the net loss due to leakage in transit. (Debit Leakage in Transit account.)

In a large number of the instances where loss of grain results from leakage in transit the elevator company has a legimate claim against the transportation company. When a claim for such a loss is made, an entry should be passed crediting the grain account affected and debiting the Railroad Claims account. When cash is received in full or partial settlement of the claim, the Cash account will be debited and the Railroad Claims account credited with the amount collected. Any uncollectible claims will be debited to the Leakage in Transit account and credited to the Railroad Claims account. At the end of the year unsettled claims, on which it is believed recovery will be made, will be inventoried and carried to the following year.

Since claims carried over from one year to the next may prove to be worthless, it is suggested that a reserve account be set up to cover such possible losses rather than to carry the claims over from one year to the next as an absolute asset. Where an account, Reserve for Loss on Realization of Railroad Claims, is set up, it would be debited with losses on any claims carried over from one year to the next. Such a reserve would be created in the same manner as described under Loss from Bad Debts.

F. CURRENT LIABILITIES.

Notes Payable (F1).

Debit:	Credit:
1. With amounts paid on outstanding notes. 2. With the unpaid portion of old notes canceled by renewal.	1. With the balance of outstanding notes at the time of opening the books as shown by the balance sheet. 2. With all new notes issued, including renewals of old notes.

Accounts Payable (F2).

Debit:	Credit:
1. With payments on account. 2. With purchased goods returned for credit. 3. With allowances and refunds on purchases.	1. With amounts due creditors on open accounts at the time of opening the books as shown by the balance sheet. 2. With the invoice value of merchandise purchased on credit.

Separate accounts should be opened for firms with which a credit business is conducted currently. Miscellaneous accounts payable may be handled in one account under the caption Miscellaneous Accounts Payable.

Stock Dividend (F3).

Debit:	Credit:
1. With the amount of the dividend when it is paid.	1. With the dividend declaration when such dividend is expressed as a percentage of the capital stock. (Debit Surplus.)

Dividends should be numbered and so earmarked in the items column of the ledger page.

Patronage Dividend (F4).

Debit:	Credit:
1. With the amount of the dividend when it is paid.	1. With the dividend declaration when such dividend is based on the amount of business transacted. (Debit Surplus.)

Storage Liability (F5).

Debit:	Credit:
1. At the beginning of a fiscal period the storage liability at the close of the previous fiscal period. (Credit Loss and Gain.)	1. With the market value of stored grain as shown by the balance sheet at the time of opening the books. 2. With the inventory value of stored grain at the end of a fiscal period. (Debit Loss and Gain.)

In calculating the liability arising from storage tickets outstanding at the end of the year, the same price must be used as is used in computing the value of the inventory of grain on hand and in transit.

Notes Receivable Discounted (F6).

Debit:	Credit:
1. With the face value of notes receivable discounted which have been reported by the bank as having been paid by the signers. (The Notes Receivable account is credited at this time.) 2. With any discounted note redeemed by the business. (In this case the Notes Receivable account is not affected as the note is still owned by the company.)	1. With the face value of any notes receivable discounted held by the bank as shown by the balance sheet at the time of opening the books. 2. With the face value of all notes subsequently discounted. (Debit Interest account with the amount of the discount and Cash account with the proceeds.)

Notes received by the company, especially those received in payment for shares of stock, are frequently discounted at the bank. Such discounted notes represent a contingent liability, for if the makers refuse or are unable to pay, the company discounting them is liable to the bank for their payment. The credit balance of this account indicates the extent of this contingent liability. When all such notes are paid, the contingent liability will disappear from the books. Shares of stock for which notes are taken should be held as collateral to secure the payment of the notes. In case the note is past due and no notice of payment has been received, it may usually be taken for granted that the note has been paid.

G. ACCRUED LIABILITIES.

Accrued Interest—Notes Payable (G1).

(To be used only by the larger companies. See also Interest Account No. N-3.)

Debit:	Credit:
1. With interest payments.	1. With the accrued interest on notes payable at the time of opening the books as shown by the balance sheet. 2. With the interest accrued during the period on notes payable. (Debit Interest account.)

The balance of this account is the accrued interest on notes payable and should be shown as a liability on the balance sheet.

Accrued Salaries and Labor (G2).

Debit:	Credit:
1. With the credit balance at the beginning of the fiscal period. (Credit corresponding expense account.)	1. With the amount of unpaid labor at the time of opening the books as shown by the balance sheet. 2. With the amount of unpaid labor at the end of the fiscal period. (Debit corresponding expense account.)

In order that the Ledger may show the true conditions of the business at the end of the fiscal period, it is necessary that an account or accounts be opened which will exhibit the liability arising from items of expense which have accrued, but which have not yet become payable. Examples of such items are salaries and wages and taxes. These accruals necessarily constitute a portion of the costs of operation of the fiscal period just closed and therefore should be charged to the expenses for that period.

Accrued Rent and Taxes (G3).

Debit:	Credit:
1. At the beginning of the fiscal period with the credit balance. (Credit Rent and Taxes.)	1. With the amount of accrued rent and taxes at the time of opening the books as shown by the balance sheet. 2. With the amount of accrued rent and taxes at the end of the fiscal period. (Debit corresponding Expense account.)

H. RESERVES.

Reserve for Depreciation—Buildings (H–1).

Debit:	Credit:
1. With the cost value of entire buildings or parts of buildings discarded or destroyed. (Credit Buildings.)	1. With the amount reserved at the time of opening the books as shown by the balance sheet. 2. At the end of the fiscal period with the estimated amount of depreciation. (Debit Depreciation on Plant.)

Where an entire roof, floor, or other part of a building is renewed, the original cost of the renewed part should be charged to this account, and the cost of the renewal to the Buildings account.

See Extraordinary Losses, page 28.

Reserve for Depreciation—Machinery and Equipment (H–2).

Debit:	Credit:
1. With the cost value of machinery or equipment destroyed or discarded. (Credit Machinery and Equipment.) 2. With the difference between the cost value and amount realized from items sold. (Credit Machinery and Equipment.)	1. With the amount reserved at the time of opening the books as shown by the balance sheet. 2. With the estimated amount of depreciation at the end of the fiscal period. (Debit Depreciation on Plant.) 3. With any amounts realized on sales of machinery and equipment which have previously been charged to this account.

Reserve for Depreciation—Office Furniture and Equipment (H–3).

Debit:	Credit:
1. With the cost value of items destroyed or discarded. (Credit Office Furniture and Equipment.) 2. With the difference between cost and amount realized from items sold. (Credit Office Furniture and Equipment.)	1. With the amount reserved at the time of opening the books as shown by the balance sheet. 2. With the estimated amount of depreciation at the close of the fiscal period. (Debit Depreciation on Plant.) 3. With any amounts realized on sales of items which have previously been charged to this account.

See Extraordinary Losses, page 28.

Reserve for Doubtful Accounts (H–4).

Debit:	Credit:
1. With the amount of outstanding accounts found to be uncollectible. (Credit Accounts Receivable.)	1. With the amount reserved at the time of opening the books as shown by the balance sheet. 2. With an amount estimated to cover the probable losses due to uncollectible accounts during the fiscal period. (Debit Loss from Bad Accounts.)

Any collections made on accounts which have previously been charged off as worthless should be credited to this account.

Reserve for Sinking Fund (H–5).

Debit:	Credit:
1. When funds are disbursed for the purpose for which the reserve has been created. (Credit Surplus.)	1. With the amount reserved at the time of opening the books as shown by the balance sheet. 2. With the amount reserved during the fiscal period for any specific purpose. (Debit Surplus.)

In some States, notably South Dakota, where the cooperative law is in operation, statutory regulations requires that an amount equal to a certain percentage of the capital invested be set aside each year in a sinking fund, so that the company will be in a position to retire its capital stock at the end of a given period. Companies operating under such conditions should set up a reserve for sinking fund in accordance with the requirements of their State law.

A sinking fund may be established for expansion purposes or to pay off mortgages at their maturity. Amounts so reserved should be deposited in a special account and not used as working capital.

I. NET WORTH.

Capital Stock (I–1).

Debit:	Credit:
1. With the par value of shares of stock retired.	1. With the par value of shares of stock outstanding at the time of opening the books as shown by the balance sheet. 2. With the par value of shares of stock issued subsequently.

The balance of this account should represent the value at par of all outstanding shares of stock. In case shares are retired at a cost above or below par, the difference will be debited or credited, as the case may be, to Surplus.

Surplus (I–2).

Debit:	Credit:
1. With the amount of dividends declared by the board of directors. (Credit Dividend account.)	1. With the amount of surplus at the time of opening the books as shown by the balance sheet.
2. With any net loss at the end of a fiscal period as shown by a debit balance of the Loss and Gain account. (Credit Loss and Gain.)	2. With the amount of net gain at the end of each fiscal period, as shown by a credit balance of the Loss and Gain account. (Debit Loss and Gain.)
3. With amounts reserved for Sinking Fund. (Credit Reserve for Sinking Fund.)	3. With amounts of sinking fund expenditures when such fund is disbursed. (Debit Reserve for Sinking Fund.)
4. With adjustments decreasing the profits of a previous fiscal period.[1]	4. With adjustments increasing the profits of a previous period.[1]

In case the liabilities and outstanding capital stock exceed the total assets at the time of opening the books, the entry to this account will be a debit and will indicate a deficit. The same will be true if, at any future time, this account has a debit balance.

Loss and Gain (I–3).

Debit:	Credit:
1. At the end of the fiscal year with any debit balances of income accounts (showing losses) and with the debit balances of the expense accounts.[3] (At this time credit such accounts.)	1. With the credit balances of all income accounts at the close of the fiscal period.[2] (Debit Income Accounts.)
2. With the storage liabllity at the end of the fiscal period. (Credit Storage Liability.)	2. At the beginning of the fiscal period with the storage liability at the close of the previous fiscal period. (Debit Storage Liability.)

At the end of the fiscal period, if the credits to this account exceed the debits, a net gain is shown; but if the debits exceed the credits, a net loss has resulted from the year's operations. This account will be closed by a debit or credit, as the case may be, to Surplus account.

[1] Errors and omissions are often found which apply to a previous fiscal period. Adjustment of such items will be made through the Surplus account as indicated.

[2] See accounts under Income Accounts in the classification.

[3] See accounts under Expense Accounts in the classification.

J. GRAIN ACCOUNTS.

Wheat (J1).

Debit:	Credit:
1. With the inventory carried over from the previous fiscal period as shown in the Inventory account at the time of opening the books and at the beginning of each fiscal period.	1. With the total net proceeds from sales as shown by the Record of Grain Shipments and Sales, and the local sales column in the Cash Journal at the end of each month.
2. With the total cost of purchases as shown by the Record of Grain Purchases at the end of each month.	2. With the profits made on hedging transactions. (Debit Commission accounts.)
3. With the losses on hedging transactions. (Credit Commission accounts.)	3. With claims filed for losses due to leakage in transit. (Debit Railroad Claims.)
4. With the credit balance at the end of the fiscal period. (Credit Loss and Gain.)	4. With the inventory of wheat on hand and in transit at the end of the fiscal period. (Debit Inventory account.)
	5. With any shortage due to shrinkage and scale loss at the end of the fiscal period. (Debit Shrinkage and Scale Loss.)
	6. With any debit balance at the end of the fiscal period. (Debit Loss and Gain.)

Oats (J2).

(See account No. J1.)

Barley (J3).

(See account No. J1.)

Rye (J4).

(See account No. J1.)

Flax (J5).

(See account No. J1.)

Corn (J6).

(See account No. J1.)

K. MERCHANDISE ACCOUNTS.

It will be found, where there are returned sales of merchandise, that it will be much more satisfactory to open separate accounts for purchases and sales. Returned sales will then be charged to the sales accounts, and returned purchases will be credited to the purchase accounts. This procedure will greatly facilitate the work of preparing income tax returns and can be applied to the grain accounts with equal advantage.

Flour (K1).

Debit:	Credit:
1. With the inventory carried over from the previous fiscal period as shown by the Inventory account, at the time of opening the books and at the beginning of each fiscal period. 2. With the cost of goods purchased. 3. With freight on purchased goods, extra labor for unloading, and other direct charges. 4. With goods which have been recorded as sold but which have subsequently been returned. 5. With the credit balance at the end of the fiscal period. (Credit Loss and Gain.)	1. With the monthly sales as shown by the total of the flour sales column in the Cash Journal. 2. With goods purchased and subsequently returned for credit. (Debit Accounts Payable.) 3. With the value of the inventory on hand at the end of the fiscal period. (Debit Inventory account.) 4. With any shortage in the physical inventory at the end of the fiscal period. (Debit Shrinkage and Scale Loss.) 5. With any debit balance at the end of the fiscal period. (Debit Loss and Gain.)

A separate account should be opened for each kind of grain and principal line of merchandise handled. At the end of the fiscal period, by crediting these accounts with the inventories and shrinkage and scale loss, the gross profit or loss will be determined. Where the total credits exceed the total debits, a gross profit is shown and the account is closed by balancing it and crediting Loss and Gain. Where a loss is shown by a net debit the reverse entry should be made.

Feed (K2).

(See account No. K1.)

Coal (K3).

(See account No. K1).

L. OTHER INCOME ACCOUNTS.

Dockage sales (L1).

Debit:	Credit:
1. With the credit balance at the close of the fiscal period. (Credit Loss and Gain.)	1. With the amounts received from sales of dockage.

Grinding (L2).

Debit:	Credit:
1. With the credit balance at the close of the fiscal period. (Credit Loss and Gain.)	1. With the amounts received for grinding.

Cleaning (L3).

(See account No. L2.)

Storage (L4).

Debit:	Credit:
1. At the beginning of the fiscal period with the amount of accrued storage at the close of the previous period. (Credit accrued storage.) 2. At the close of the period with the credit balance. (Credit Loss and Gain.)	1. Monthly with the total of the storage column on the Record of Grain Purchases. 2. At the close of the fiscal period with the accrued storage on outstanding storage tickets.

Discount Received (L5).

(See account No. L2.)

EXPENSE ACCOUNTS.

M. OPERATING EXPENSE.

Salaries and Labor (M1).

Debit:	Credit:
1. With the amounts paid to employees. 2. With the accrued labor at the close of the fiscal period. (Credit Accrued Salaries and Labor.)	1. At the beginning of the fiscal period with the accrued salaries and labor at the close of the previous fiscal period. (Debit Accrued Salaries and Labor.) 2. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Heat, Light, and Power (M2).

Debit:	Credit:
1. With invoices paid.	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Repairs (M3).

Debit:	Credit:
1. With the cost of repairs and renewals which are necessary to maintain the efficiency of the plant but which do not add to its original value.	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

This account takes care of such items as a broken window pane, a new plank in the approach, or a new cup. Where an entire piece of equipment is replaced, the

old piece should be charged to reserve for depreciation and the new one charged to Machinery and Equipment, Buildings, or Office Furniture and Equipment, as explained under those accounts.

Depreciation—Plant (M4).

Debit:	Credit:
1. With the amounts reserved out of the profits of each fiscal period to cover loss from wear, tear, and obsolescence of office furniture and equipment, machinery and equipment, and buildings. (Credit the corresponding reserve accounts.)	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Extraordinary losses caused by lightning, fire, or explosion may exceed the amount reserved for depreciation. Only the portion of the reserve applicable to the damaged property should be charged to the reserve account. The remaining portion of the loss should be debited to an account appropriately captioned, i. e., Fire Loss. This account must be charged off to Loss and Gain during the ensuing years. This method of apportioning the loss over a number of years is justifiable since the business of the current year was not responsible for the extraordinary loss. In case insurance is collected on account of a loss the amount should be credited to the proper reserve accounts.

Leakage in Transit (M5).

Debit:	Credit:
1. With uncollectible claims. (Credit Railroad Claims.)	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

This method of handling losses due to leakage in transit not only gives the proper grain account credit for the grain actually shipped, but it reveals the facts relative to a source of loss which is often neglected entirely or given only minor consideration.

Shrinkage and Scale Loss (M6).

Debit:	Credit:
1. With any shortage in the physical inventories of grain and merchandise at the end of the fiscal period. (Credit the grain and merchandise accounts concerned.)	1. With any excess of the physical over the book inventory. (Debit the grain and merchandise accounts concerned.) 2. With the debit balance of the account at the end of the fiscal period. (This is the net loss due to shrinkage and scale loss.) (Debit Loss and Gain.)

The desirability of having the books show the facts relative to all sources of cost necessitates the opening of an account to which may be carried discrepancies between

the book inventories and the actual physical inventories of the various kinds of grain and merchandise at the end of the year. Inasmuch as shrinkage and scale loss is an expense to the elevator, it is desirable that the extent of such expense be definitely known.

By following this procedure each grain and merchandise account will show the actual gross gain or loss arising from a full accounting of the total quantity of grain and merchandise received, and the Loss and Gain account will show all items entering into the cost of operating the enterprise. Inasmuch as both leakage in transit and shrinkage and scale loss are factors at least partially under managerial control, changes in policy may result when the actual facts relative to these factors are ascertained.

Express, Freight, and Drayage (M7).

Debit:	Credit:
1. With payments of bills rendered.	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

N. ADMINISTRATION EXPENSE.

Telephone, Telegraph, and Postage (N1).

(See account No. M2.)

Printing, Stationery, and Office Supplies (N2).

Debit:	Credit:
1. With purchases of minor supplies. 2. At the close of the period with the consumption during the period of printing and stationery. (Credit Printing and Stationery Inventory.)	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Interest (N3).

(To be used only by larger companies.)

Debit:	Credit:
1. With the interest accrued during the period on notes payable. (Credit Interest Accrued on Notes Payable.) 2. With discount on notes receivable discounted.	1. With the interest accrued during the period on notes receivable. (Debit Accrued Interest on Notes Receivable.)

This account is closed at the end of the fiscal period by a debit or credit, as the case may be, to Loss and Gain.

In the smaller companies it is believed advisable to ignore accrued interest items. In such cases but one interest account would be raised in the ledger, which would be operated as follows:

Interest.

Debit:	Credit:
1. With interest payments. 2. With discount on notes receivable discounted.	1. With interest received.

Close the account at the end of the fiscal period by a debit or credit, as the case may be, to Loss and Gain.

Rent and taxes (N4).

Debit:	Credit:
1. With the payments made on account of rent and taxes. 2. With accrued rent and taxes at the close of the fiscal period. (Credit Accrued Rent and Taxes.)	1. At the beginning of the fiscal period with the accrued rent and taxes at the close of the previous fiscal period. (Debit Accrued Rent and Taxes.) 2. With the debit balance at the end of the fiscal period. (Debit Loss and Gain.)

Insurance (N5).

Debit:	Credit:
1. At the close of the fiscal period with the insurance premiums expired during the period. (Credit Prepaid Insurance.)	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Loss from bad accounts (N6).

Debit:	Credit:
1. With the amounts reserved out of the profits to cover the probable loss from bad debts. (Credit Reserve for Bad Debts.)	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

Miscellaneous (N7).

Debit:	Credit:
1. With expenses which are not chargeable to any of the foregoing accounts.	1. With the debit balance at the close of the fiscal period. (Debit Loss and Gain.)

The individual needs and the peculiar conditions surrounding elevators in different parts of the United States may require accounts in addition to those discussed herein. If this be the case accounts covering special requirements may be opened along the same general lines.

THE TRIAL BALANCE.

From the discussion of the Journal and the Ledger, it will be noted that all entries made in the Ledger originated in the Journal. Two points therefore must be kept constantly in mind, namely: (1) No entries are to be made direct to the Ledger, but must be posted from original entries in the Journal; (2) the equality of the debits and credits of each page of the various Journal forms must be proved before any figures are either carried forward or posted to the Ledger. It follows, then, that if the Journal pages are proved to be in balance and the entries are correctly posted, the Ledger also must balance. In order to prove whether or not the equality of the debits and credits has thus been maintained, a Trial Balance must be taken of the Ledger at the end of each month. A Trial Balance consists of a schedule of the open accounts in the General Ledger showing in one column the accumulated debits and in another column the accumulated credits of the respective accounts. The footings of the two columns must be equal. A stock form of Trial Balance book should be secured for the permanent preservation of the monthly Trial Balances.

At the close of each fiscal period it is necessary to "close the books" and to prepare a Balance Sheet and an Income and Expense Statement in order to ascertain the results of the period's operations and the financial position of the company.

CLOSING THE BOOKS.

By the expression "closing the books" is meant the process of balancing all income and expense accounts by transferring their balances to the Loss and Gain account. After this has been done, the only open accounts to be found in the Ledger are the balance-sheet accounts which represent the assets and liabilities of the company.

Preparatory to closing the books, it will be necessary to make the following schedules:

Grain on hand and in transit	List by kind, class, grade, and price.
Merchandise	List by kind, class, condition, and price.
Storage tickets outstanding	List by kind, class, grade, and price.
Accrued storage on stored grain	List by ticket number, date, bushels, and rate.
Accrued interest on notes receivable	List by name of drawer, date, time to run, interest rate, and amount of note.

Insurance premiums unexpired at the end of the period	List by policy number, date, property covered, time, and amount of premium unexpired.
Unused stationery and printing	List by quantity, kind, and value.
Accrued salaries and wages	List by name, time, and wage rate.
Accrued rent and taxes	List by name, time, and rate.
Accrued interest on notes payable	List by name of payee, date, time to run, interest rate, amount of note.

Great care must be exercised in inventorying grain and merchandise, and the liability for stored grain as the value of the income and expense statement and the balance sheet depend upon the accuracy of the inventories. This work should always be conducted, or at least directly supervised, by a competent committee of the board of directors.

When the above schedules have been completed, and the extensions made and verified, the following Journal entries should be constructed:

Debit.	(1)	Credit.
000	Inventory account	
	Wheat account	000
	Oats account	000
	Barley account	000
	Rye account	000
	Flax account	000
	Corn account	000

To plan the inventories on the books as an asset. (This is a neeessary step in closing the various grain accounts.)

Debit.	(2)	Credits.
000	Inventory account	
	Flour account	000
	Fuel account	000
	Coal account	000

To place the inventories on the books as an asset.

Debit.	(3)	Credit.
000	Shrinkage and Scale Loss	
	Wheat	000
	Oats	000
	Barley	000
	Rye	000
	Flax	000
	Corn	000

To account for all the grain received into the elevator and to show this loss as an expense of operation.

Debit.	(4)	Credit.
000	Shrinkage and Scale Loss	
	Flour	000
	Feed	000
	Coal	000

To account for all the merchandise purchased and to show this loss as an expense of operation.

Debit.	(5)	Credit.
000	Loss and Gain	
	Storage Liability	000

To set up on the books the liability arising from outstanding storage tickets and to reflect its result in the net income.

Debit.	(6)	Credit.
000	Insurance Expense	
	Prepaid Insurance	000

To place in the expense account the amount of insurance consumed during the period, and to reduce the asset of prepaid insurance to its actual amount.

Debit.	(7)	Credit.
000	Printing, Stationery, and Office Supplies	
	Printing and Stationery Inventory	000

To show the expense for this item and to reduce the asset account to the actual value of supplies on hand.

Debit.	(8)	Credit.
000	Salaries and Wages	
	Accrued Salaries and Wages	000

To show the expense in the period in which it accrued and to set the amount up as a liability on the books.

Debit.	(9)	Credit.
000	Rent and Taxes	
	Accrued Rent and Taxes	000
	(See entry No. 8.)	

Debit.	(10)	Credit.
000	Interest	
	Accrued Interest on Notes Payable	000
	(See entry No. 8.)	

Debit.	(11)	Credit.
000	Depreciation—Plant	
	Reserve for Depreciation—Machinery	000
	Reserve for Depreciation—Buildings	000
	Reserve for Depreciation—Office Furniture and Equipment	000

To show the expense arising from depreciation on the books and to reserve an amount out of the year's income to cover it.

Debit.	(12)	Credit.
000	Loss from Bad Accounts	
	Reserve for Doubtful Accounts	000

To reserve out of the income of the period an amount estimated to cover the loss which will accrue from credits extending during the period.

Debit.	(13)	Credit.
000	Accrued Interest on Notes Receivable	
	Interest	000

To show the earning in the period in which it accrued, and to show the accrual on the books as an asset.

Debit.	(14)	Credit.
000	Accrued Storage	
	Storage Account	000

To show the asset on the books, and to place the earning from storage in the income for the fiscal period in which it accrued.

Debit.	(15)	Credit.
000	Wheat account	
000	Oats account	
000	Barley account	
000	Rye account	
000	Flax account	
000	Corn account	
	Loss and Gain	000

To close the grain accounts and to transfer the gross gain to the Loss and Gain account.

Debit.	(16)	Credit.
000	Flour	
000	Feed	
000	Coal	
	Loss and Gain	000
	(See entry No. 15.)	

Debit.	(17)	Credit.
000	Dockage Sales.	
000	Grinding.	
000	Cleaning.	
000	Storage.	
000	Discount Received.	
	Loss and Gain	000

To close the miscellaneous income accounts and to transfer their balances to the Loss and Gain account.

Debit.	(18)	Credit.
000	Loss and Gain.	
	Salaries and Labor.	000
	Heat, Light, and Power.	000
	Repairs.	000
	Depreciation—Plant.	000
	Leakage in Transit.	000
	Shrinkage and Scale Loss.	000
	Express, Freight, and Drayage.	000
	Telephone, Telegraph and Postage.	000
	Printing, Stationery, and Office Supplies.	000
	Interest.	000
	Rent and Taxes.	000
	Insurance.	000
	Loss from Bad Accounts.	000
	Miscellaneous.	000

To close the expense accounts into Loss and Gain.

The above Journal entries when posted to the Ledger will balance all Income and Expense accounts and leave only the Asset and Liability accounts open. At this point all the balanced accounts should be ruled with a double red line beneath the footings.

The credit balance of the Loss and Gain account represents the net profit for the year.

A Trial Balance should now be taken to prove that the equality of the debits and credits of the Ledger accounts has been maintained, after which we are ready to proceed with the Balance Sheet and Income and Expense Statements.

In compiling the Balance Sheet it is necessary only to refer to the Ledger accounts and draw off the balances shown in the Asset and Liability accounts, entering them as indicated on the form of Balance Sheet provided herewith. The purpose of the Balance Sheet is to set forth the financial position of the company at a given time.

It will be noted that while the reserves for depreciation and bad accounts are shown on the Ledger as a liability they appear on the Balance Sheet as a deduction from the assets.

BALANCE SHEET.

The investigations made by the Bureau of Markets have disclosed the fact that many country elevators have never made either an Income and Expense Statement or a Balance Sheet. The form of Balance Sheet which follows conforms with that suggested by the Federal Reserve Board and is recommended as a simple yet comprehensive exhibit of the financial position of the company.

BALANCE SHEET.

ASSETS.		LIABILITIES.	
Cash:		Unsecured Notes Payable:	
Cash on hand	———	Notes given for merchandise	———
Cash in bank	———	Notes given bank	———
	———	Notes given commission firms	———
Notes and Accounts Receivable:		Notes given officers or employees	———
Customers' notes on hand (not past due)	———		———
Customers' notes discounted	———		
Customers' accounts (not past due)	———		
Grain commission accounts	———		
Customers' notes (past due)	———	Unsecured Accounts Payable:	
Customers' accounts (past due)	———	Accounts payable for purchases (not yet due)	———
Total	———	Accounts payable for purchases (past due)	———
Less—		Accounts payable to officers or employees	———
Reserve for bad debts	———		———
	———	Stock dividend declared	———
Inventories:		Surplus and undivided profits	———
Wheat, bu., at	———		———
Oats, bu., at	———		
Barley, bu., at	———		
Rye, bu., at	———		
Flax, bu., at	———		
Corn, bu., at	———		
	———		
Feed, lbs	———		
Flour, lbs	———		
Coal, lbs	———	Secured Liabilities:	
	———	Notes receivable discounted	———
	———	Storage liability	———
			———
Securities:			
Notes given by officers or employees	———		
Bonds	———		
Accounts due from officers or employees	———		
	———	Accrued Liabilities:	
Accrued Assets:		Accrued interest on notes payable	———
Accrued interest on notes receivable	———	Accrued salaries and labor	———
Accrued storage	———	Accrued rent and taxes	———
	———		———
Total current assets	———	Total current liabilities	———

Fixed Assets:		Fixed Liabilities:	
Land	———	Notes secured by mortgages	———
Buildings	———	Reserves:	
Machinery and equipment	———	Reserve for sinking fund	———
Office furniture and equipment	———		
	———		
		NET WORTH.	
Less—		Capital stock	———
Reserves for depreciation	———	Surplus and undivided profits	———
	———		———
Total fixed assets	———	Less deficit	———
			———
Accounts paid in advance:			
Prepaid insurance	———		
Printing and stationery inventory	———		
	———		
Other Assets:			
Railroad claims	———		
Less—			
Reserve for loss on railroad claims	———		
	———		
			———
Total assets	———	Total	———

INCOME AND EXPENSE STATEMENT.

The Income and Expense Statement is an itemized statement of the entries made to the Loss and Gain account, arranged in such a way as to set forth clearly the results of the operations of the periods involved.

The following form of Income and Expense Statement will be found convenient for exhibiting the operations of the elevator for either a monthly or a yearly period. Wherever possible a monthly statement of income and expense is advised.

In the past no standard form of Income and Expense Statement has been used; therefore, this form should fill a very definite need. By its use not only the stockholders and directors may follow the details of the business, but a ready comparison may be made between the costs of operation of various elevators.

In preparing this statement the amounts shown as sales and purchases should be net figures. That is, merchandise returned by the buyer should be deducted from the total sales, and merchandise returned by the company to the concern from whom it was purchased should be deducted from the total purchases. Profit on hedges should be added to sales and loss on hedges should be added to purchases in the respective grain accounts.

Income and Expense Statement.

..... months ending ..... 191...

	Quantity.	Amount.	Loss.	Gain.
Wheat:				
Sales				
Leakage in transit (claims)				
Inventory, end of period				
Total shipped and on hand				
Add: Shortage (shrinkage and scale loss)				
Total accounted for				
Inventory, beginning of period				
Purchases				
Stored grain sold (storage liability)				
Total to account for				
Gross gain (or loss) on wheat (A statement similar to the above will be necessary for each kind of grain handled.)				
Gross gain (or loss) on grain				
Feed:				
Sales				
Shrinkage				
Inventory, end of period				
Total accounted for				
Inventory, beginning of period				
Purchases				
Total to account for				
Gross gain (or loss) on feed (A statement similar to the above will be necessary for each kind of merchandise.)				
Gross gain (or loss) on merchandise				
Total gross gain (or loss)				
Operating expenses:				
Salaries and labor				
Heat, light, and power				
Repairs				
Depreciation-plant				
Leakage in transit				
Shrinkage and scale loss				
Express, freight, and drayage				
Total operating expenses				

Administrative expenses:			
Telephone, telegraph, and postage			
Printing, stationery, and office supplies			
Interest			
Rent and taxes			
Insurance			
Loss from bad accounts			
Miscellaneous			
Total administrative expense			
Total expense			
Net operating profit (or loss)			
Miscellaneous income:			
Dockage sales			
Grinding			
Cleaning grain			
Storage			
Discount received			
Total net profit (or loss)			

OPENING ENTRIES.

Upon completing the Income and Expense Statement, the books of the company should be reopened by the following journal entries:

Debit.	(1)	Credit.
000	Wheat account	
000	Oats account	
000	Barley account	
000	Rye account	
000	Flax account	
000	Corn account	
000	Flour account	
000	Feed account	
000	Coal account	
	Inventory account	000

To close the inventory account by transferring the inventories to the various merchandise accounts.

Debit.	(2)	Credit.
000	Accrued Rent and Taxes	
	Rent and Taxes	000

To close the liability account and to show the expense charged to the previous period as a credit to the period in which it is paid.

Debit.	(3)	Credit.
000	Accrued Salaries and Labor	
	Salaries and Labor (See entry No. 2.)	000

Debit.	(4)	Credit.
000	Storage account	
	Accrued storage	000

To close the asset account and to charge the income account with the storage credited to income in the previous period.

COST ANALYSIS.

The Cost Analysis (Form No. 15, p. 47) has been provided to show the unit cost of handling grain and merchandise. The method of preparing the statement is as follows:

First, opposite Bushels of grain and value of coal and merchandise, should be entered in the column headed Grain the total bushels of grain handled; in the column headed Sales, coal, the total value of coal sales; and in the column headed Sales, other merchandise, the total value of such sales. Second, in the column headed Total, enter the totals of all expense accounts opposite the proper captions in the left-hand margin. Third, apportion the amounts, as judgment and the books indicate, over grain, coal, and merchandise. Some items will apply only to grain, while others may apply to all sales. Fourth, foot the columns entering the totals opposite Total cost of operation. Fifth, ascertain the per cent of total cost of operation by dividing the total costs of operation for grain, coal sales, and sales of other merchandise, by the total cost of operating the business, and enter the quotients in the spaces provided opposite "Per cent of total cost of operation." Sixth, ascertain the total unit cost of operation for grain by dividing the total cost of operation for grain by the total number of bushels handled. This will be expressed in terms of cents and mills. In finding the total unit cost of operation for coal and for other merchandise the same method will be followed, but the result will be expressed in terms of percentage.

BALANCING CASH WITH THE BANK.

To prove the correctness of the cash entries for the month, the following method will be found simple and adequate:

(1) Be sure that the Bank columns are correctly footed.

(2) Determine whether the Bank deposits column agrees with the bank pass book as to individual deposits.

(3) Sort the returned checks, arranging them consecutively by series. Compare the expense checks with the entries in the Bank withdrawals column of the Cash Journal and the grain checks with the entries in the Record of Grain Purchases, and ascertain which, if any, are missing. List the numbers and amounts of all outstanding (missing) checks for the next month's reference. Outstanding checks may be listed either on an adding-machine tape or by writing them into the cash book. The sum of the bank balance as shown by the Ledger account, plus the total of the outstanding checks, should equal the balance as reported by the bank. No error, however small, should be ignored in comparing the balance of the bank account in the Ledger with the balance shown on the bank statement.

SUPPLY ACCOUNTS SETTLED WITH GRAIN.

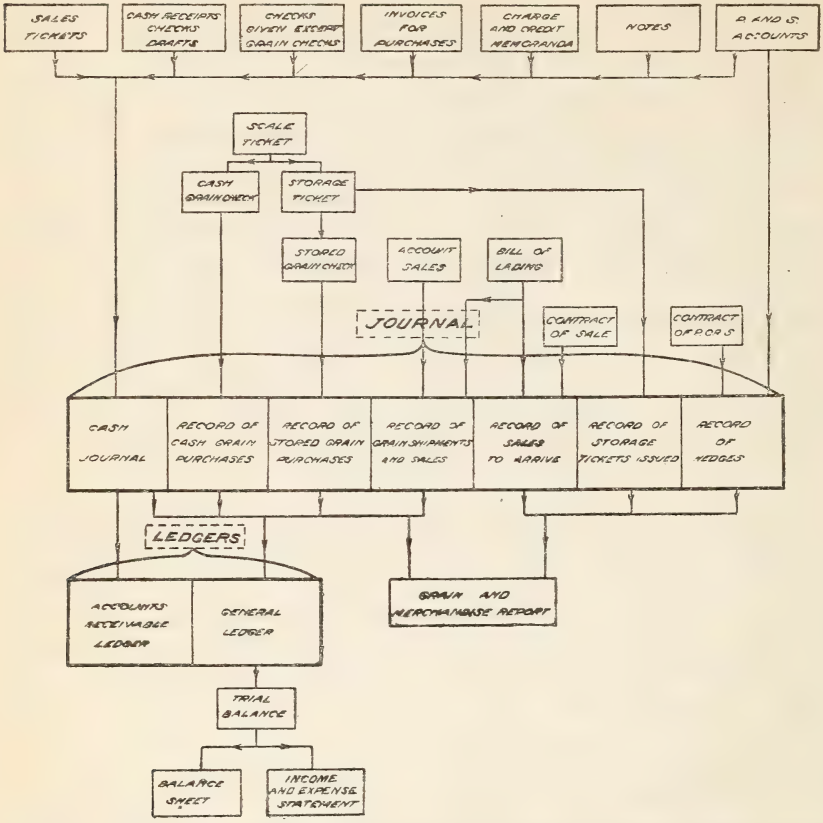
When a request is received from a patron to deduct the amount which he may owe the company for supplies from the amount due him for grain sold, two grain checks should be issued. The first check should contain the total number of bushels and kind of grain being purchased, together with the balance due the patron after deducting the amount of his account from the full value of the grain. A second check should then be made without reference to bushels of grain and marked "for account receivable," in the full amount deducted from the previous check. This check is then indorsed by the patron and both checks are entered in the record of grain purchases, the first check going to the patron and the second being entered in the Cash Journal to the credit of the patron and deposited to the account of the elevator as cash received. By this means both sides of the transaction have been carried out through the only proper medium of settling accounts, which is cash.

CONCLUSION.

The foregoing pages describe the method of operating a system of grain elevator accounting devised to answer the requirements of grain elevators located at country points throughout the United States. The adoption of a uniform system of accounting should be of benefit both to the companies and to the men employed by them as managers, but the simple keeping of the records is not sufficient. To obtain benefits commensurable with the opportunities open in this field the manager and directors of the elevators possessing such an accounting system should make use of all the information which it is able to furnish. In order that the management of the elevator may be fully advised, not only as to the conditions of the business but as to the economic advantage of the present method of doing business, it is advisable that in every case careful attention should be paid to the grain and merchandise reports and to ascertaining the cost of operation by use of the Cost Analysis. If the information thus obtained is made available to the stockholders and other interested parties, and they are thus assured that the business of the elevator is being handled in a competent manner and that detailed information regarding it can be furnished at any time, it will tend to strengthen the financial position of the company with those who extend credit to elevators during the season of crop movements.

For the convenience of those interested in the system described in this bulletin, and for those who desire to install the system, the Bureau of Markets has provided printer's copy of the several forms for free distribution. A list of firms by whom the forms are published and carried in stock will be supplied on request. All elevators

installing this system of accounts may refer to this bureau any question regarding its installation or operation.



The general plan of the operation of the system as described herein is set forth in the diagram on this page. The source and progression of entries through the books are indicated by arrows.

In some of the forms that follow, sample entries are inserted in italics. These entries do not represent actual transactions; they are given merely to show how the forms are to be used.

The following is a convenient ruling for a petty cash book:

PETTY CASH BOOK.

Date.	Paid for—	Account charged.	Amount.	Check number.	Amount of cash.
July 1	*Drayage*	*Freight and drayage*	*$3.00*		
5	*Message*	*Telephone and telegraph*	*1.50*		
9	*Nails*	*Miscellaneous expense*	*.50*		
11	*Drayage*	*Freight and drayage*	*1.50*		
28	*Message*	*Telephone and telegraph*	*.50*		
		RECAPITULATION.			
July 31	*Freight and drayage*		*$4.50*		
	Miscellaneous expense		*.50*		
	Telephone and telegraph		*2.00*	*35*	*$7.00*
			7.00		

This check is in full payment of items listed below: No. .....

No.	Class.	Grade.	Gross.		Dkg.		Net.		Price.	

To be made in duplicate.

This check is in full payment of items listed below: No. .....

No.	Class.	Grade.	Gross.		Dkg.		Net.		Price.	

CASH GRAIN CHECK. No. .....

FIRST NATIONAL BANK,

Blank, Minn., ..., 19...

Pay to the order of .....

..... Dollars.
100

Farmers Elevator Co.,

By .....

Total value		
Deduction for		
Deduction for		
Amount of check.		

Bureau of Markets, Grain System Form No. 10A.

STORED GRAIN CHECK. No. .....

FIRST NATIONAL BANK,

Blank, Minn., ..., 19...

Pay to the order of .....

..... Dollars.
100

Farmers Elevator Co.,

By .....

Total value		
Deduction for storage		
Deduction for storage		
Amount of check.		

Bureau of Markets, Grain System Form No. 10B.

U. S. Department of Agriculture.
Bureau of Markets.
Grain System Form No. 11.

SCALE TICKET.

No. ...., *19...*

..... Co.

At .....

This ticket is not a storage ticket and is not negotiable. It must be exchanged on day of issue for a lawful storage ticket or cash check.

Owner.....

Driver..... On ..... Off.....

Load of.....

Grade.....Dockage pounds.....

Signed....., Agent.

Exchanged for Check No. ....., Stores Ticket No. .....

Pounds.			Bushels.		
Gross.	Tare.	Net.	Gross.	Dockage.	Net.

No. .....

SALES TICKET.

Of.....

At.....

Sold to..... Date.....

HARD COAL.

Gross.....		
Tare.....		
Net.....		
Total hard coal.....		

SOFT COAL.

Gross.....		
Tare.....		
Net.....		
Total soft coal.....		

MISCELLANEOUS.

.....		
.....		
.....		
Total miscellaneous.....		
Total sales.....		

Bureau of Markets, Grain System.
Form No. 13.

U. S. Department of Agriculture.
Bureau of Markets.
Grain System Form No. 14.

No .....

CASH RECEIPT TICKET.

By.....

Received from..... Date....., 19...

	Amount.	
.....	.....	.....
.....	.....	.....
.....	.....	.....

U. S. Department of Agriculture.
Bureau of Markets.
Grain System Form No. 15.

COST ANALYSIS.

.....Elevator Company.....

Year ending..... *19*....

	Total.		Grain.		Sales, coal.		Sales, other merchandise.	
Bushels of grain and value of coal and merchandise.....	.....	.....	.....	.....	.....	.....	.....	.....
Salaries.....	.....	.....	.....	.....	.....	.....	.....	.....
Insurance.....	.....	.....	.....	.....	.....	.....	.....	.....
Interest.....	.....	.....	.....	.....	.....	.....	.....	.....
Power, operating.....	.....	.....	.....	.....	.....	.....	.....	.....
Repairs.....	.....	.....	.....	.....	.....	.....	.....	.....
Cooperage, cars.....	.....	.....	.....	.....	.....	.....	.....	.....
Miscellaneous.....	.....	.....	.....	.....	.....	.....	.....	.....
Bad debts.....	.....	.....	.....	.....	.....	.....	.....	.....
Depreciation.....	.....	.....	.....	.....	.....	.....	.....	.....
Shrinkage and scale loss.....	.....	.....	.....	.....	.....	.....	.....	.....
Other losses and charges.....	.....	.....	.....	.....	.....	.....	.....	.....
Total cost of operation.....	.....	.....	.....	.....	.....	.....	.....	.....
Per cent of total cost of operation.....	100 per cent		.....per cent		.....per cent		.....per cent	
Total unit cost of operation.....	.....		.....per bu.		.....per cent		.....per cent	

Storage Ticket No.	Gross.	Tare.	Net.

Bureau of Markets.
Grain System Form No. 12.

STORAGE TICKET

FARMERS' ELEVATOR COMPANY No.....

At....., 19....

Received of.....

Bushels.....Grade.....Dockage.....Grain.....

which amount, kind, and grade of grain will be delivered to the holder of this receipt or his order upon surrender thereof, subject to the conditions and charges stated on the back of this receipt.

.....bu.,.....lbs. gross.

FARMERS' ELEVATOR COMPANY,

.....bu.,.....lbs. dockage.

.....bu.,.....lbs. net. Per.....

[Reverse.]

Below should be printed the rates of storage and the conditions affecting storage of grain as provided by laws in the State in which the elevator is situated.

PURCHASE AND SALES B

Bank-ing Capital	General Ledger.		Accounts receivable.		Sanitation Notes	Mixed. Grade ——		Grade ——		Grade ——		Proceeds, all corn.	
	45	00											
25													
20													
80													
12													
50													
		00											
			10	00									
			150	00									
		00											
		00											
020	0												
		50											
307	50	50	160	00									

United States Department of Agriculture, Bureau of Markets,
Grain System Form No. 1.

CASH JOURNAL AND PURCHASE AND SALES RECORD.

Merchandise purchases. Soft coal Lbs.	Soft coal Amount.	Hard coal Lbs.	Hard coal Amount.	Accounts receivable.	General ledger. Quantity.	General ledger. Amount.	Bank deposits	Cash	Folio	Date	Items.	Check No.	Folio.	Bank withdrawals.	General Ledger.	Accounts receivable	Sales ticket No.	Local sales of merchandise and grain. Hard coal Lbs.	Hard coal Amount.	Soft coal. Lbs.	Soft coal. Amount.	Feed. Lbs.	Feed. Amount.	Flour Lbs.	Flour Amount.	Wheat Lbs.	Wheat Amount.	Lbs.	Amount	Lb	Amount	Lbs.	Amount
								45 00		11 1	Cash account (undeposited cash end of previous period)		1-a		45 00																	
				25 00							Geo Black—on account						51			4,000	25 00											
								150 00			Cash sales to-day									2,000	15 00	4,000	100 00	700	35 00	60	2 00					
							1 00				Deposit																					
						25 00			1 c		Petty Cash account—established (check in favor of Nicholson)	80		25 00																		
80,460	200 00									11 2	Illinois Coal Co. Car 68951	81		120 00																	
	80 00										Freight on above car	82		80 00																	
						12 50			1-b		Printing and stationery—Inventory (letterheads from Bruno & Co.)	83		12 50																	
				50 00							George Johnson—advance	84		50 00																	
							1,000 00			11 4	Lipsey & Co.—draft on car 1001		1-f		1 800 00																
						1,000 00					Deposit																					
								10 00		11 8	George Black received on account					10 00																
								75 00			Cash sales to-day									2,000	15 00	500	12 50	75	4 50							
							400 00				Deposit																					
						100 00			1 d	11 11	Notes Receivable																					
											John Doe (in payment of account)					150 00																
								5 00		11 14	Prepaid Insurance (refund on canceled policy)		3-a		5 00																
							450 00			11 15	Lipsey & Co. check—(balance on car 1001)		1 f		450 00																
							455 00				Deposit																					
						2 000 00			6 a	11 18	Notes Payable																					
						20 00			11 b		Interest																					
											Check (for payment of our note and interest)	85		2 020 00																	
						18 50			10-a		Wheat account																					
											Dalrymple Grain Co. (loss on option)		1-f		18 50																
80,460	280 00			75 00		2,270 00	1,250 00				Footings forwarded			2 307 10	1,618 60	160 00				2 000	51 00	4,500	112 50	775	43 50	60	2 00					

Storage Ticket No.	Gross.	Tare.	Net.

STORAGE TICKET

FARMERS' ELEVATOR COMPANY

No.....

At ....., 19....

ECOR

		Mixed.							
de 3	ade —	Grade —		Grade —		Grade —		Grade —	

United States Department of Agriculture,
Bureau of Markets,
Grain System Form No. 2A.

RECORD OF STORAGE TICKETS ISSUED.

Date.	Storage ticket No.	Paid by check No.	Wheat.																Oats.	Barley.	Rye.		Flax.		Corn.											
			Bulk or all wheat.	Spring—Hard red.				Winter—Hard red; soft red.				Durum				Mixed						Dockage.	Net.	Dockage.	Net.	White.				Yellow.				Mixed			
				Grade 1	Grade 2	Grade 3	Grade —	Grade 1	Grade 2	Grade 3	Grade —	Grade 1	Grade 2	Grade —	Grade 1	Grade 2	Grade —	Grade —								Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —
11	[illegible]		[illegible]	[illegible]																																
11	[illegible]		[illegible]																																	
[illegible]																							2 00	100 00												
11	[illegible]		[illegible]																																	
[illegible]																							1 50	75 00												
[illegible]																																				
11	[illegible]		[illegible]																				1 00	725 00												
[illegible]																							

Storage			

STORAGE TICKET

FARMERS' ELEVATOR COMPANY No.....

United States Department of Agriculture,
Bureau of Markets, Grain System, Form No. 3.

RECORD OF

Date.	Storage ticket No.	Check No.	Price.	Amount of check.	Storage charge.	Wheat											
						Gross all wheat	Dockage all wheat.	Spring—Hard red.				Winter—Hard red, soft red.					
								Grade 1	Grade 2	Grade 3	Grade—	Grade 1	Grade 2	Grade 3	Grade—		
11 1	98	1,051	2 00	995 00	5 00	505	5		500								
11 11	73	1,052	2 01	2,000 00	10 00	1,033 20	33 20		1,000								
11 12	74–78	1,053	3 50	3,141 00	9 00												
11 20	99	1,054	2 00	2,925 00	15 00	1,525	25		1,500								
*Total bushels				9,121 00	39 00	3,063 20	63 20		3,000								
**Total amount																	

134432°—10. (Face p. 48.) No. 3—1

* To be carried to Grain report.

** Cost column to be debited to grain accounts at end of month

GRAIN PURCHASES.

Wheat.								Oats.		
Durum.			Mixed.							
Grade 1	Grade 2	Grade —	Grade 1	Grade 2	Grade 3	Grade —	Cost all wheat.	Grade —	Grade —	Cost.
							1,000 00			
							9,010 00			
							1,000 00			
							0,010 00			

United States Department of Agriculture,
Bureau of Markets, Grain System, Form No. 3.

STORAGE TICKET

Date.		Storage ticket No.	Check No.	Price.		Amount of check.			Storage charge.		
11	1	98	1,051	2	00		995	00	5	00	
11	11	73	1,052	2	01		2,000	00	10	00	
11	12	74–78	1,053	3	50		3,141	00	9	00	
11	20	99	1,054	2	00		2,925	00	15	00	

s.

Durur

Grade 1

Grade

Cost.

Rye.

)ockage.

Net.

GRAIN PURCHASES.

Corn.																
White.				Yellow.				Mixed.				Cost all corn.				
Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——	Grade ——					

United States Department of Agriculture,
Bureau of Markets, Grain System, Form No. 3-A.—Insert.

RECORD OF

Barley.		Rye				Flax.			
Bushels	Cost.	Gross.	Dockage.	Net.	Cost.	Gross.	Dockage.	Net.	Cost.
						96,912	69 12	900	1,150 00
						96,912	69 12	900	1,150 00

United States Department of Agriculture, Bureau of Markets
Grain System, Form No. 4A.

STORAGE TICKET

Date.		Shipped to—	Car num and init	rade —.	
11	4	Lipsey & Co	NP 1001		
11	5	" "	GN 19572		
11	8	" "	GN 2734		
11	9	" "	NP 79654		
11	11	Haukinson & Co	CGW 479		
11	11	" "	NP 57946		
11	12	Lipsey & Co	NP 87906		
11	12	" "	NW 75383		
11	13	" "	UR 49678		
11	18	Haukinson & Co	GN 23078		
11	25	Lipsey & Co	GN 24738		
		Total bushels (to be carried to Grain Report Form No			
		Total amounts (proceeds to be posted to Credit of Grai			

Winter—Har			
Grade 1.		Grade 2.	

Proceeds, all wheat.		Oats.						Bushe
		Grade ——		Grade ——		Proceeds.		
		1,611	*06*			*1,450*	*00*	
3,050	*00*							
2,411	*71*							
2,811	*59*							
		1,398	*30*			*1,076*	*00*	
		1,480				*1,308*	*50*	
		1,680				*1,378*	*00*	
		1,598				*1,298*	*00*	
8,273	*30*	*7,768*	*36*			*6,510*	*50*	

The column headed

on the left-hand

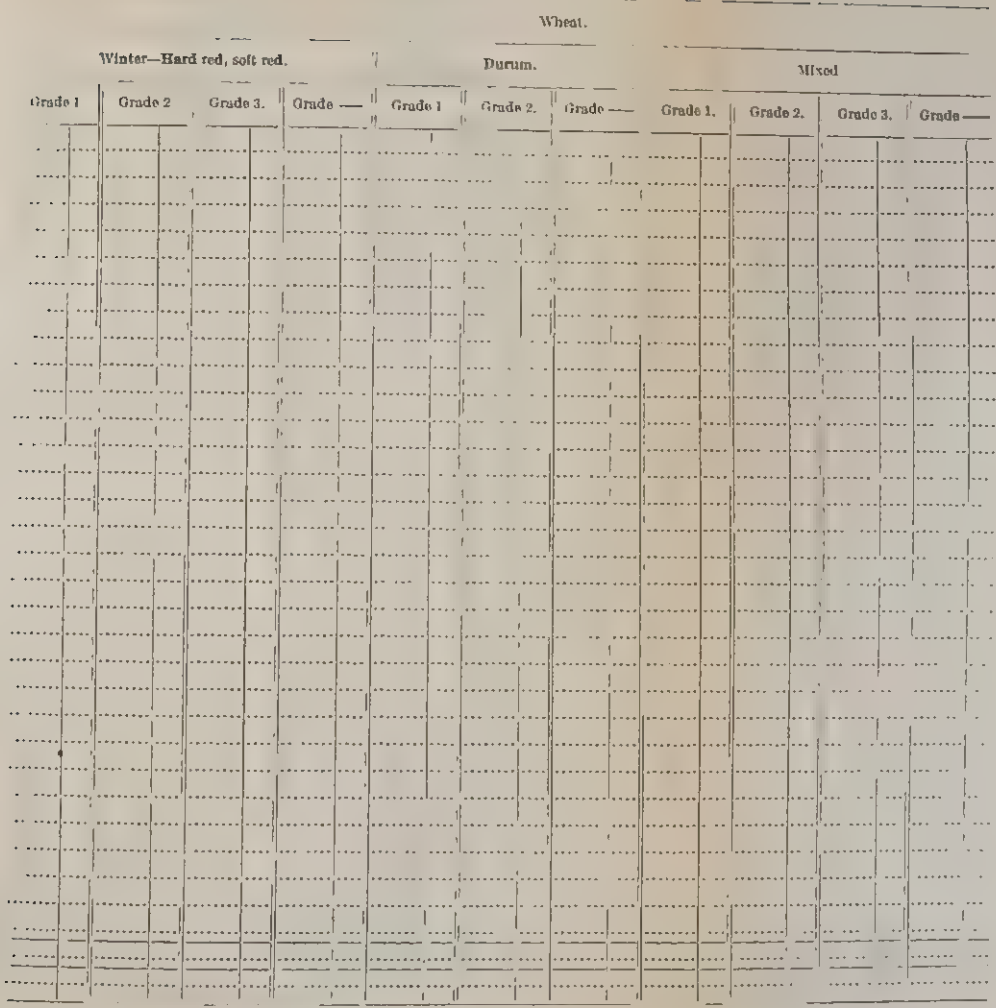
on the extreme r

United States Department of Agriculture, Bureau of Markets
Grain System, Form No. 4A.

RECORD OF GRAIN

Date.		Shipped to—	Car number and initial.	Shipper's grade.	Shipper's weight.	Date sold	Price.	Net proceeds.	Follo.	Wheat.					
										Gross, all wheat.	Dockage, all wheat	Spring, hard red.			
												Grade 1.	Grade 2.	Grade 3.	Grade —.
11	4	Lipsey & Co.	NP 1001	3 white	1,611	10 30	.92	1,450 00	1-f						
11	5	" "	GN 19572	No. 2 spring	1,450	11 20	.2 11	1,659 00	1 f	1,455 30			1,455 30		
11	8	" "	GN 2734	No 3 spring	1,213	11 19	.2 08	2,411 71	1 f	1,200	13			1,187	
11	9	" "	NP 79654	No. 1 spring	1,370 30	11 20	.2 12	2,811 60	1 f	1,370 30	13		1,357 90		
11	11	Haukinson & Co.	CGW 47831	3 white	1,400	11 19	.80	1,078 00	1-f						
11	11	" "	NP 57848	Flax	1,550	11 22	3 75	5,480 00	1-f						
11	12	Lipsey & Co.	NP 87905	3 white	1,480	10 30	.92	1,508 60	1-f						
11	12	" "	NW 75385	3 white	1,680	11 25	.85	1,378 00	1-f						
11	13	" "	UR 49678	3 white	1,528	11 25	.85	1,298 00	1-f						
11	18	Haukinson & Co.	GN 29078	Flax	1,560	11 29	3 68	5,409 60	1-f						
11	25	Lipsey & Co.	GN 24738	3 white	1,390	Forwarded to December.									
		Total bushels (to be carried to Grain Report Form No 8-A.)													
		Total amounts (proceeds to be posted to Credit of Grain Accounts)						25,733 30		4,026 .	26		2,812 90	1,187	

SHIPMENTS AND SALES.



Markets

RECORD OF GRAIN

Barley.			Rye.				Flax.		
ls.	Proceeds.	Gross.	Dockage.	Net.	Proceeds.	Gross.	Dockage.	Net.
						1,550	50	1,500
						1,560	60	1,500

		Mixed.						Proceeds, all corn.	
		Grade ——		Grade ——		Grade ——			
	5,4								
	5,4								

United States Department of Agriculture, Bureau of Markets
Grain System, Form No. 4A—Insert.

RECORD OF GRAIN

Proceeds, all wheat.	Oats				Barley		Rye.				Flax.		
	Grade ——		Grade ——	Proceeds.	Bushels.	Proceeds.	Gross.	Dockage.	Net.	Proceeds	Gross	Dockage.	Net.
	1,611	06		1,450	00								
3,050	00												
2,411	71												
2,611	59												
	1,398	50		1,076	00								
											1,650	50	1,600
	1,480			1,308	50								
	1,680			1,378	00								
	1,598			1,298	00								
											1,660	50	1,600
8,273	30	7,768	56	6,510	50						3,110	110	3,000

SHIPMENTS AND SALES.

Flax.	Corn.															
Proceeds	White.				Yellow.				Mixed.				Proceeds, all corn.
	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	Grade —	
5,480 00													
5,469 70													
10,949 70													

Name:

PATRONAGE LEDGER.

Bureau of Markets Grain System Form No.7.

Rate, — per bu.
Rate, — per cent.

Sales.									Purchases.						
Check No.	Wheat.	Durum.	Barley.	Oats.	Rye.	Flax.	Corn.	Cattle value.	Sales No.	Hard coal.	Soft coal.	Flour.	Grain.		

RECORD OF HEDGES.

WHEAT.

United States Department of Agriculture, Bureau of Markets, Grain System Form No. 5.

Futures bought.								P. & S. Accounts.			Futures sold.							Remarks.
Date.		Bushels.	Market.	Bought from—	Month.	Kind.	Price.	Dr.	Cr.	Folio.	Date.		Bushels.	Market.	Sold to—	Month.	Kind.	Price.	
11	29	2,000	*Mpls.*	*Dalrymple.*	*Dec.*	*2 Sp.*	*2.11*	*18* *50*		*C-J 2.*	*10*	*1*	*3,000*	*Mpls.*	*Dalrymple.*	*Dec.*	*2 Sp.*	*2.10*	*Cr. Dalrymple.*
											11	*6*	*2,000*	"	"				

Open options to be carried to Grain Report Form No. 8–A.
Profits and losses on closed transactions to be carried to Cash Journal Form 1.

RECORD OF SALES TO ARRIVE.

OATS.

United States Department of Agriculture, Bureau of Markets, Grain System Form No. 6.

Date.	Bushels.	Kind.	Grade.	Price.	Delivery date.	Sold to—	Cars applied.	Shipper's weight.	Date shipped.	Date received.	Destination grade.	Destination weight.	Remarks.
10 30	3,000 . ..	Oats...	3 W...	92	11 30	Lipsey & Co.....	NP 1001....	1,611	11 4	11 13	3 W...	1,611 06	
							NP 87906....	1,480	11 12	11 18	3 W...	1,480	

Undelivered sales to be carried to Grain Report Form No. 8–A.

GRAIN REPORT.

United States Department of Agriculture, Bureau of Markets, Grain System Form No. 8A.

For period November 1, 1918, to November 30, 1918, inclusive.

	Items.	Wheat.				Oats.	Barley.	Rye.	Flax.	Corn.		
		Spring.	Winter.	Durum.	Mixed.					White.	Yellow.	Mixed.
1	Storage outstanding previous report	5,000							2,000			
2	Storage this period	1,000							900			
3	Total	6,000							2,900			
4	Stored grain purchased this period	3,000							900			
5	Storage outstanding to-day	3,000							2,000			
6	Total purchased previous report	50,000				46,000			8,000			
7	Stored grain purchased this period	3,000							900			
8	Cash grain purchased this period	8,000				10,000			500			
9	Total purchased to date (received)	61,000				56,000			9,400			
10	Total receipts to date (9+5)	64,000				56,000			11,400			
11	Total sales previous report	42,000				30,000			8,000			
12	Total shipped this period	4,000				7,768 04			3,000			
13	Local sales this period	100				1,231 28						
14	Total sales to date (delivered)	46,100				39,000			11,000			
15	Grain in elevator (10–14)	17,900				17,000			400			
16	Purchased grain on hand (9–14)	14,900				17,000						
17	Undelivered growers' contracts	5,000				8,000						
18	Total	19,900				25,000						
19	Undelivered sales	10,000										

| | | |

Date....., 19.... Report No. .....

d, class, grade.	Gross.		Dkg.		Net.	

Use this space for all information regarding the making or receiving of notes and for explanation of all other transactions.

Drafts drawn and checks received.

Commission accounts.

Firm.	Car No.	Amount.	

Consignment shipments and deliveries on contract.

I	Kind.	Date.		Consignee.	Car No.	Kind, class, and grade.	Gross Bu.	Applied on cont. of.

t sales Nos. ..... to..... P. and S. Accounts Nos. .....to.....

U. S. Department of Agriculture,
Bureau of Markets,
Grain System Form. No. 9.

MANAGER'S REPORT.

Station..... Manager..... Date....., 19.... Report No. .....

Storage tickets issued.

Date.	Ticket No.	Kind, class, and grade.	Dkg.	Net.

Cash grain purchases.

Date.	Check No.	Price.	Amount.	Kind, class, and grade	Gross.	Dkg.	Net.

Stored grain purchases.

Date.	Check No.	Ticket No.	Price.	Amount.	Storage charge.	Kind, class, and grade.	Gross.	Dkg.	Net.

Use this space for all information regarding the making or receiving of notes and for explanation of all other transactions.

Drafts drawn and checks received.

Commission accounts.

Firm.	Car No.	Amount.

Checks other than grain checks.

Date.	Check No.	In favor of.	For.	Amount.

Sales to arrive.

Date.	Sold to.	Bu.	Kind and class.	Grade.	Price.	Del. date.

Options memo.

Date.	P. or S.	Bu.	Market.	Through.	Month.	Kind.

Consignment shipments and deliveries on contract.

Date.	Consignee.	Car No.	Kind, class, and grade.	Gross Bu.	Applied on cont. of.

This report includes

Sales Ticket Nos. ..... to ..... Cash Receipts Nos. ..... to ..... Deposit Slips Nos. ..... to ..... Invoices for merchandise bought Nos. ..... to ..... Account sales Nos. ..... to..... P. and S. Accounts Nos. ..... to.....

134432°—19. (Follow p. 53.)